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EWABLE RESOURCE GRANT AND LOAN PROGRAM

Deadline May 15, 1998

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Application Instructions and Forms For Governmental Entities

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Montana Renewable Resource Grant and Loan Program

Application Instructions and Forms for Governmental Entities

Department of Natural Resources and Conservation
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, Montana 59620-1601

Telephone: (406) 444-6668
Fax: (406) 444-6721

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The Renewable Resource Program
Instructions and Forms for Grant And Loan Applications

General Information

The Montana Legislature established the Renewable Resource Grant and Loan Program to enhance Montana's renewable resources. The program funds eligible renewable resource projects and is administered by the Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC). This program is funded through interest accrued on the Resource Indemnity Trust Fund (RIT). No taxpayer dollars are used to finance these projects.

Governmental and private entities are eligible to apply for renewable resource grants and loans. The application forms in this booklet are for **governmental entities only**. If you have prepared your application using word processing software, please include a copy of the application on a diskette (preferably 3 ½" diskette). Clearly identify the software used and the names of all files.

Applicants should submit **the original and four (4) additional copies** of your application, including copies of all supporting documentation and a **$250 application fee**, to:

Montana DNRC
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Phone: (406) 444-6668
FAX: (406) 444-6721

Application Deadline

Application forms must be **hand delivered to DNRC or postmarked no later than May 15, 1998.** If you have questions or if we can help you in any way, please contact our office at (406) 444-6668.

Applicant Eligibility

Grants and Loans for Governmental Entities

Eligible applicants include any division of state government or other county, city, or local political subdivision. These entities, called governmental entities, in the past have included cities, towns, counties, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

Grants and Loans for Private Individuals

The Resource Development Bureau also administers other grant and loan programs that may be of interest to you or the group you represent. For example, the Private Grant and Loan Program offers grants and loans to any individual, association, partnership, corporation, or nongovernmental entity. Funds are available **only for water-related projects**. Grants to private entities are limited by law to 25 percent of the project cost or $5,000, whichever is less. Loans to private entities may not exceed the lesser of $200,000 or 80 percent of the fair market value of the security given for the project. By law, loans to private entities must be secured with real property. However, private, water-user associations are eligible for loans of up to $300,000 based on the applicant's ability to repay the loan.

Private grant and loan applications are managed under a process that is separate from the process for public entities. The legislature appropriates funds for private use during the regular legislative session. Application deadlines are set after the appropriation is made. Private individuals apply to the Renewable Resource Program through a separate application. For more information or application materials contact DNRC's Resource Development Bureau at (406) 444-6668.

Project Eligibility

The types of projects that are eligible for funding are specified in *Montana Code Annotated* (MCA) §85-1-602.

[1] Either grants or loans may be provided to fund the following types of projects:
(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education, or other implementation efforts.

Renewable resource projects, including water, forestry, energy, air quality, resource education, waste management, and other renewable resource-related projects, are eligible to receive grant and loan funding. Projects must enhance the common well-being of Montanans through the conservation, management, development, or protection of a targeted renewable resource. Projects that have received funding in the past include research and demonstration of improved farming practices, water conservation, resource planning studies and education, improved forest resource management, and development of better access to recreational opportunities.

Other eligible projects have produced feasibility and design studies for renewable resource projects. Numerous community infrastructure projects for water supply, wastewater, and solid waste facilities have received funding under this program. Funding is available for both preliminary engineering/design and construction of these facilities.

Eligible water-related, renewable resource projects include projects to construct or repair works for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection, or other beneficial uses. Eligible projects also include those for the protection or benefit of fish and wildlife; improvement of public, water-based recreational opportunities; and development of hydropower. All means of conserving and distributing water are considered "works" and qualify for funding considerations.

The Renewable Resource Grant Program funds watershed projects that protect and improve water quality. Projects that control erosion, restore riparian zones, and help plan for the management of surface water and groundwater sources have received funding. Recreational projects that do not have resource benefits like municipal swimming pools or golf course developments are less likely to receive funding.

Public Facility Project Applications

Applicants for public facility projects (drinking water, wastewater, and solid waste projects) must submit the *Uniform Application Supplement for Montana Public Facility Projects* in lieu of Steps 1, 2, 3, 5, and 7 of this application. Public facility project applicants must complete Step 4 (Project Management Plan) and Step 6 (Public Benefits) of this application. Contact DNRC at 444-6668 for additional application materials.

Funding Selection

After grant applications are received, DNRC staff and consultants will review the applications and make recommendations. The department director and the governor then review the recommendations. By January 1999, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 1999. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 1999.

For a complete discussion of the criteria for ranking grant applications, please see section, *Grant Application Ranking Criteria*, beginning on page 34.

Funding Limitations

Grants

Funds are appropriated directly by the legislature based upon recommendations from DNRC. DNRC limits its grant funding recommendations to a maximum of $100,000 for any one renewable resource project.

Loans

Applicants may apply for loans or combinations of grant/loan funding in a single application. Loans ranging up to several million dollars are available for projects. The amount of a large loan is constrained only by the applicant's debt capacity and DNRC's bond authority. Loans of several million dollars are not uncommon.

Renewable Resource Grant and Loan Program

Application Checklist

☑ **Be sure that each of the following items is included in your application. Applications are due no later than May 15, 1998.**

☐ **1. Application Summary**

☐ **2. Proposal Abstract**

☐ **3. Technical Narrative**

☐ **4. Project Management Narrative**

☐ **5. Financial Feasibility Narrative**

☐ **6. Financial Documentation**

☐ **7. Budget Forms for Renewable Resource Projects**

☐ **8. Applicant Affordability Data**

☐ **9. Public Benefits Narrative**

☐ **10. Environmental Checklist**

Step 1: Application Summary

(All applicants must complete this form.)

1. **Name of Applicant(s)** _____

2. **Type of Entity** _____
(City, County, District, Other)

3. **Type of Project** _____

4. **Population Served by Project** _____
(Number of Farms or Ranches)

5. **Number of Households Served by Project** _____
(Number of Acres)

6. **Authorized Representative** _____
(Name)

_____
(Title)

Mailing Address _____
(Street/PO Box)

_____
(City/State/Zip)

_____
(Telephone)

7. **Contact Person** _____
(Name)

_____
(Title/Firm)

Mailing Address _____
(Street/PO Box)

_____
(City/State/Zip)

_____
(Telephone) (Fax Number)
(A number where the contact is most easily reached or a message can be left)

8. Proposed Funding Sources

Enter the source and amount of all funding that may be used for this project. For each source, indicate the amount of funding in the appropriate column: grant, loan, or any other source including cash reserves. Total the amount for each source. Indicate all potential sources of funds that may apply to this project. The fact that you have not yet applied for the funds or have not yet received a commitment from the source does not matter. The total amount of the proposed funding may be greater than the estimated total project cost indicated below.

Funding Source	Amount			
	Grant ($)	Loan ($)	Other ($)	Total ($)
A.				
B.				
C.				
D.				
E.				
F.				

9. Estimated Total Project Cost $_____

10. Authorizing Statement

An authorized agent representing the applicant must by his/her signature indicate that the application for funds and expenditure of matching funds, as represented, is officially authorized.

A. Grant Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Project Sponsor), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain funding if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that grant funds will become available only as Resource Indemnity Trust Fund interest is earned.

_____ _____

Project Sponsor Date

_____

Authorized Representative (signature)

_____

Title

B. Loan Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Project Sponsor), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan financing if this application is approved. I understand that all funds must be authorized by the Montana Legislature, that loan funds will become available after the sale of state bonds, and that I will be expected to enter into a Bond Purchase Agreement when funding is available and according to my construction schedule.

_____ _____

Project Sponsor Date

_____

Authorized Representative (signature)

_____

Title

Step 2: Proposal Abstract

Prepare a clear and concise description of your proposal that describes how the merits of the project provide benefits that support the purpose of the Renewable Resource Grant and Loan Program. This proposal abstract will be used to inform the review team and the public of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Because it will be incorporated into the Renewable Resource Grant and Loan Program's Report to the Montana Legislature, you should be careful to provide accurate information in the abstract that best describes the public benefits and other merits that will be achieved.

Your abstract should consist of no more than 300 words. Longer abstracts will be returned to you for redevelopment.

On your own paper, use the following format for your abstract.

Proposal Abstract

Submitted to Department of Natural Resources and Conservation

Date _____

Applicant Name _____

Project Title _____

Project Description:

Step 3: Technical Presentation

Describe the work to be done with Renewable Resource Grant and Loan Program funds and with any matching funds committed to the project. Be careful to distinguish phases of the project that are completed before or after the term of the grant. Do not confuse tasks associated with past or future phases with the tasks of the proposed project. Discuss past phases or phases currently underway only as part of the history of your project.

For example, imagine an irrigation district is taking steps to improve irrigation infrastructure and is seeking funding to line irrigation canals. Currently, the district is installing new headgates on its main canal, and in the future the district plans to install measuring devices. In this scenario, the project proposal concerns **only** the canal-lining project. The applicant should discuss the technical merits of only this project phase. In evaluating the project, DNRC would assess only the costs associated with canal lining. Only the funds used to finance the canal lining should be included in the project budget.

Instructions For Technical Narrative

Explain the existing situation and the problem. Then describe how the problem will be solved and the specific tasks that will be carried out through project implementation. Enough information is needed to assess the technical feasibility of your project accurately.

Use the Outline for Technical Narrative on the following page to organize your presentation and to ensure that nothing is omitted from your discussion.

On your own paper, use the following format for your narrative.

Technical Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for Technical Narrative

This outline for the Technical Narrative addresses the topics that DNRC will consider in evaluating the technical feasibility of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address.

1. **Project Identification.**
   A. Identify the targeted renewable resource (for example, water, air, land, wildlife, or other.)
   B. Identify the type of project (for example, research, planning, design, construction, etc.)
   C. Identify the proposed action (for example, conservation, management, preservation, etc.)
   D. Identify the project location.
   E. Estimate the useful life of project.

2. **Discuss the project history, and describe all related work previously conducted.**
   A. Discuss the circumstances that precipitated the need for the project.
   B. Discuss efforts made in the past to address the problem or achieve the proposed purpose.
   C. Identify related facilities, programs, or other resources that exist in support of the project.

3. **Describe the goals and objectives of the project** (A goal is a broad statement of the general purpose of the project, for example "water conservation." Objectives are the specific results the project will achieve, for example "2,000 feet of canal lining.")
   A. Discuss the goals of the project, or the problem you intend to solve.
   B. Identify specific project objectives you plan to accomplish in order to achieve those goals.
   C. Present the quantitative results, if any, that this project will achieve.

4. **For research, study, educational, feasibility, or design projects, provide a specific description of the project implementation plan.**
   A. Describe the model or approach you plan to use, and the success of that model in other projects.
   B. Identify each of the project phases, and the specific tasks required for project implementation.
   C. Present a detailed project schedule broken down by project task or milestone.
   D. Quantify the staffing time necessary to complete the project.
   E. Identify the contracted services necessary to complete the project.
   F. Discuss any unknowns in the proposal that require future resolution.

5. **For construction projects, provide a specific description of the project implementation plan.**

   A. Discuss each phase of project construction, including any planning activities that must be completed prior to initiating construction activities.

   B. Present a detailed project schedule broken down by project task or milestone.

   C. Quantify the staffing time necessary to complete the project.

   D. Identify the contracted services necessary to complete the project.

   E. Discuss any unknowns in the proposal that require future resolution.

6. **Discuss the technical alternatives for completing the project objectives. Provide a cost/benefit analysis for each of the alternatives and the reasons for the selection of the preferred alternative. Alternatives discussed should be project-specific.** For example, if the project is to install measuring devices for irrigation diversion structures, address the design alternatives for measuring devices and the relative costs and benefits of each of the design types (e.g., compare parshall flumes to short parshall flumes).

   A. Provide details of all appropriate alternatives.

   B. Discuss the basis for the selection of the preferred alternative.

   C. Discuss the trade-offs between alternatives.

   D. If the alternative selected does not provide the greatest net benefits of the alternatives analyzed, provide the reasons for the selection of this alternative.

7. **Provide supporting technical documentation.**

   A. Provide data on the natural features of the project area, such as soils, vegetation, and hydrology.

   B. Include any draft and/or completed technical reports and studies on the project.

   C. Provide a topographic map or aerial photo that shows the project location by sections, townships, and ranges. (Show titles on all maps, and include both a scale and a north arrow.)

   D. Identify any applicable statutes, rules, regulations, and standards to be met.

   E. Identify any licenses, permits, easements, and other agreements necessary to conduct the project.

Step 4: Project Management Plan

Effective project planning and management is an essential component of successful project implementation. The outline for the Project Management Narrative addresses the management issues that DNRC will consider in evaluating the feasibility of your project. Structure your narrative accordingly.

Instructions for the Project Management Narrative

Discuss how you plan to implement this project from funding through project completion. Use the outline below to organize your presentation. This outline is not all-inclusive; there are other topics you may wish to address. Two pages should be sufficient to complete this section.

On your own paper, use the following format for your narrative.

Project Management Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Project Management Narrative

1. Identify the staff requirements necessary for successful project management. Discuss how you plan to meet those requirements. If possible, identify the members of your project management team including any consultants that will provide project management services.

2. Discuss any coordination activities with other local, state, or federal agencies that are necessary to implement the project.

3. If the project requires public input, discuss how you plan to integrate that input throughout project implementation.

4. Describe the measures you will take to manage consultants that are responsible for completing major project tasks. Discuss the steps you will take to keep informed on the status of consultant activities as they complete project tasks.

Step 5: Financial Presentation

(Instructions, Outline, Budget Forms, and Affordability Data)

Instructions for the Financial Feasibility Narrative

The financial narrative must demonstrate clearly that the funding is available to complete the project, and that the project can be completed within the proposed budget. The budget forms **may not** be used in lieu of the Financial Feasibility Narrative. Failure to submit adequate financial information will jeopardize your chance of receiving project funding.

Use the outline on the following page to ensure that nothing is omitted from your discussion.

For construction projects, include a contingency expense of at least 10 percent of construction costs to cover unexpected expenses. An inflation contingency to account for the time lapse between project approval and availability of funding may be included as a project cost and must be identified on the budget forms.

Describe only grant and/or loan and matching funds that will be committed in a funding agreement through DNRC or another public or private funding source. Do not include the costs for phases of construction completed before or after the term of a DNRC funding agreement. For example, if you have a multi-phase project to improve your community's water system over a 10-year period but now seek funding for a water tank, include only those costs associated with the tank. Do not include costs for work in progress or completed.

Include costs that can be fully documented and that are specific to the proposed project. DNRC will not reimburse indirect or undocumented costs with grant funds. Indirect costs may be listed as matching funds.

DNRC is very reluctant to fund the purchase of computers or software for project-related activities and will only fund computer equipment that is project-specific. You must justify the need to expend grant or loan funds for these purchases in the financial narrative.

Loans

Applicants must demonstrate their ability to repay a loan. In the narrative, indicate the type of bond to be sold to the state, the amount of semi-annual payments, and the amount of any rate increase needed to repay the loan. DNRC staff can assist applicants in preparing these calculations.

Other Project Contributors

Describe your efforts toward securing funding commitments. Discuss the status of applications to other funding agencies for grants and/or loans. If other agencies, associations, or individuals will contribute matching dollars or in-kind contributions, describe the type of support offered and what commitment has been made.

State how much money you will provide toward the project and whether funds will be in the form of matching dollars or in-kind contributions. Describe your in-kind contributions. If you plan to borrow from the private sector, fully describe your borrowing plans. Also include in this narrative any other information that would help DNRC assess your financial commitment to completion of the project.

Important Note:

Be careful to include **only** matching funds or in-kind contributions that will be available and can be documented. DNRC will reimburse a percentage of the project costs that are incurred and documented. However, any reduction in matching funds or the inability to document the use of matching funds will result in a proportionate reduction in grant funds. For example, if your total estimated budget is $200,000 and you receive a grant award of $100,000 for your proposal, DNRC grant funds will reimburse actual documented costs at a rate of 50 percent ($100,000 ÷ $200,000 =.5). If, through the course of the project, you are able to document only $100,000 in project specific costs then DNRC will reimburse 50 percent of only those costs, or $50,000. Total grant funding will thereby be reduced from $100, 000 to $50,000 in accordance with the grant share percentage of total of documented expenditures.

On your own paper, use the following format to present your discussion.

Financial Feasibility Narrative

Applicant Name _____

Project Title _____

Outline for the Financial Feasibility Narrative

The outline for the Financial Feasibility Narrative addresses the topics that DNRC will consider in the evaluation of the financial feasibility of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address.

1. **Describe the funding structure that ensures the project is financially feasible.**
The information you provide should demonstrate that adequate sources of funds are available to complete the proposed project. Include grants, loans, matching dollars, and in-kind contributions. Identify the amount of matching funding necessary to complete the project.

   A. Identify any matching funds or in-kind contributions that the applicant will provide in support of the project budget.

   B. Identify the other sources of matching dollars and the amount of contribution they will provide.

   C. Identify the other sources of in-kind contributions and the value of the contributions they will provide. In-kind contributions may be designated as consultants, operation, maintenance, or other project costs in the budget.

   D. Indicate whether any other costs remain undefined at the time of application.

2. **Explain the total budget.**

Show how the amounts in each of the budget line items were calculated. For example, if the project budget identifies $12,600 in material costs, provide the breakdown for all material costs (120 tons of gravel @ $30 per ton = $3,600 and 50,000 square feet of geotex material @ $0.18 per square foot = $9,000. Total material cost = $12,600).

Contract Administration

These costs include salaries, contracted services, and associated costs of administering the proposed project. Identify the amount necessary to successfully manage the project. Express this amount as a percentage of total project cost. The applicant must demonstrate that these costs are project-specific above and beyond general program costs. DNRC will only reimburse administration costs that are project specific. University indirect costs for the purpose of grant administration are not eligible for grant funding.

Professional and Technical Costs

Include the cost of personnel or contracted services for professional services in this category. Examples include the cost of hiring an engineer, researcher, or attorney. These costs must be project-specific. Provide unit costs for all professional staff and contracted personnel.

Construction Costs

These costs include costs of construction, equipment purchase, land, structures, and materials. Estimates of construction costs should include a ten percent contingency factor to protect against cost overruns. You may include an inflation factor, accounting for any time lapses between project approval and receipt of funding. Identify this cost on the budget forms.

A. Provide enough information to show clearly how the construction cost estimates were developed. The discussion should describe unit costs where applicable.

B. Provide the preliminary cost estimates used to evaluate the alternatives to the proposed project.

C. If another application with either greater or lesser project costs represented has been submitted to a funding agency, explain the discrepancy.

3. **Provide loan information.**

A. If applicable, estimate the semi-annual loan repayment needed to repay a DNRC loan. Use a seven percent (7%) interest rate and a 20-year term. Indicate the amount of any user rate increase that will be necessary to pay the loan.

B. If you are requesting a loan, indicate the type of bond to be issued for sale to the state.

Financial Documentation

☑ Submit supporting documentation to provide evidence of the financial feasibility of the proposed project.

1. **If you applied to other funding agencies for grant and/or loan funds for the same project provide the following:**

☐ **A.** indication of the date a funding decision is expected, and whether you requested a grant or a loan;

☐ **B.** if funding has been secured, a copy of the notice of award.

2. **If other agencies, associations or individuals will provide in-kind or match funding, provide the following information:**

☐ **A.** copies of correspondence to show the date assistance was requested, the type of assistance (whether matching dollars or in-kind contribution), and the amount;

☐ **B.** the date a funding decision is expected;

☐ **C.** if funding has been secured, copies of correspondence documenting funding commitments and type of funds committed (matching dollars or in-kind contribution).

☐ **3. Include copies of estimates used to generate the project budget.**

Instructions for Completing the Budget Forms

Complete one set of budget forms to indicate the details of the total estimated project cost. Show only those costs that you will document during project implementation. Include only costs directly related to the project. Do not include costs that will occur whether or not this project is implemented. These programmatic costs may not be included in this budget or attributed to the project, although they may support the project indirectly.

Use one column for each sponsor and for each type of funding (grant or loan). Add more columns if you need them. Place the name of contributors from other sources in the "other" columns. If all sources of funds are not secured, label one column "Unknown." The sum of the totals of each column must add up to the total estimated project cost.

Definitions

To help you build a defensible budget, DNRC provides the following definitions of project-specific versus program costs.

"Project-Specific Costs" are the only costs that DNRC will be reimburse with grant and/or loan funds. Project-specific costs relate directly to the proposed project and will be incurred only if the project is implemented. For more information on this topic, see page 31, Budget Tips.

Project-specific costs are reimbursed through the following sources.

1. **Grant and Loan Dollars** are those funds contributed by DNRC through the Renewable Resource Grant and Loan Program.

2. **Matching Dollars** are project-specific funds provided by the applicant or a grant or loan from another funding agency. DNRC will require the applicant to provide documentation of all matching expenditures.

3. **In-Kind Contributions** are project-specific, non-dollar contributions that have an associated monetary value. Volunteer labor, loaned equipment, donated materials, and free services are examples of legitimate in-kind contributions.

"Program Costs" are part of an ongoing budget. They are incurred regardless of whether this proposal receives funding. Program costs are contained in your annual budget or in the annual budget of another project contributor and support an overall program or mission. Do not include program costs in your budget. For more information on this topic, see page 32, Budget Tips.

Program costs used to support the project are considered evidence of public support for the project. Identify program costs devoted to the project in the financial narrative.

Applicant Name _____ **Budget Forms For Renewable Resource Projects** **Date** _____

1. Contract Administration

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____ (Specify)	Other _____ (Specify)	Other _____ (Specify)	Total
Project Manager							
Administrative Support							
Benefits							
Legal Fees							
Accounting							
Subtotal							
Communications							
Supplies							
Travel							
Utilities							
Office rent							
Total Administration							

Applicant Name _____ Budget Forms for Renewable Resource Projects Date _____

2. Professional and Technical Costs

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____	Other _____	Other _____	Total
Professional _____							
Professional _____							
Benefits							
Contracted Services							
Travel							
Subtotal Professional							
Laboratory							
Communications							
Printing / Publication							
Supplies							
Travel							
Equipment Rent or Lease							
Equipment Purchase							
Other _____							
Subtotal Technical							
Total Professional & Technical							

Applicant Name _____ **Budget Forms for Renewable Resource Projects** **Date** _____

3. Construction Costs

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____	Other _____	Other _____	Total
Labor							
Materials							
Equipment							
Construction Contract							
Contingency (10%)							
Total Construction							

4. Total Costs

A. Total Administration							
B. Total Professional and Technical							
C. Total Construction							
Total Project Costs							

Applicant Affordability Data

Complete the following section only if your organization (i.e., cities, counties, irrigation districts, grazing districts, conservation districts) generates revenues through user fees or other assessments.

Revenue and Rate Information

1. Total Revenue

Total annual revenue $_____

Current rate or assessment levied on each user or acre $_____

Total number of users or acres that contribute to the revenue stream _____

Cost per additional unit or acre/foot $_____

2. Total number of users that will be served by the project _____

3. Amount assessed per user in support of project funding $_____

4. Total amount or value of applicant matching contribution $_____

5. Projected average monthly or annual rate $_____

Calculate the **projected average monthly** rate that will be charged to users after the proposed project is completed. The projected rate should include the current rate, plus increases that are anticipated to retire any debt to be incurred to finance the project, plus any increases in operating costs. **Applicants should assume that all requested and/or uncommitted funds will be received.** Please display the calculations and assumptions used in determining the projected rate. For assistance with this calculation, contact DNRC at (406) 444-6668.

Step 6: Public Benefits

(Instructions and Outline for Narrative)

Instructions for the Public Benefits Narrative

Use the outline for the Public Benefits Narrative on the following page to organize your presentation. Describe the measurable benefits that your project will achieve. First, describe how the project achieves the benefits prescribed in statute. You may also describe other benefits achieved by the project. Project reviewers need enough information to determine whether the benefits claimed in your proposal can be measured and are actually attainable. If you fail to provide adequate information, DNRC may contact you to require additional information and documentation before review of your proposal continues.

If you have completed objective studies that assess your project and its potential benefits, provide copies of these studies as attachments. If you have not conducted a formal benefit analysis, describe the process you used to assess the benefits of your project.

Grant proposals are ranked according to the benefits that will result from project funding. DNRC is constrained by law in ranking grant proposals and may consider only the benefits identified in the law. Thus, a project that benefits health and safety would not receive ranking points unless it also provides the benefits prescribed in MCA Title 85, Chapter 1, Part 602. The statute reads as follows:

MCA §85-1-602

(1) Objectives: The Department [of Natural Resources and Conservation] shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:

(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education, or other implementation efforts.

(2) Projects that may enhance renewable resources in Montana include but are not limited to:

(a) development of natural resource-based recreation;
(b) development of offstream and tributary storage;
(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under MCA §85-2-113; and development of state-tribal, state-federal, and state-tribal-federal water projects; and
(d) advancement of farming practices that reduce agricultural chemical use.

(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.

On your own paper, use the following format for the Public Benefits Narrative.

Public Benefits Narrative

Applicant Name _____

Project Title _____

Outline for the Public Benefits Narrative

The outline below addresses the topics that DNRC will consider in evaluating the public benefits of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address. This narrative should not exceed two pages in length.

1. Describe the Project's benefits.
   - **A.** Discuss the resource benefits of the project and who will benefit.
   - **B.** Describe the method used to evaluate and quantify the project's benefits.
   - **C.** Provide the number of Montanans who will directly benefit from the project.

2. Provide evidence that the project you propose will measurably enhance a renewable resource in Montana. For example, quantify the number of river miles or acres that will benefit from the project. Enhancement includes:
   - **A.** Conservation and management to ensure that resources of the state are put to beneficial use.
   - **B.** Development to protect existing uses and to ensure adequate future supplies for domestic, industrial, agricultural, and other beneficial uses.
   - **C.** Preservation to ensure the ongoing quality of Montana's renewable resources.

3. Describe the level of public support for the project. What citizen groups (e.g., watershed councils, sportsmen groups, development councils) have enlisted support for the project? What measures have you taken or do you plan to take to lay the groundwork necessary to ensure project success? (Attach letters of support as evidence.)

4. To what extent does this project represent a larger commitment or ongoing program of resource conservation and management, or what other similar projects has the applicant implemented that support renewable resource conservation and management?

5. If the project presents the opportunity for additional conservation measures (e.g., water meters, measuring devices, BMPs) and your project does not take advantage of these opportunities, explain why.

6. Proposals to implement priorities of the State Water Plan are encouraged. If applicable, describe how your project will help implement a water plan priority.
   - **A.** Identify the priority of the State Water Plan your project will address.
   - **B.** Discuss how your project will implement this State Water Plan priority.

(For questions regarding the State Water Plan, contact DNRC Water Management Bureau at 444-6637)

Step 7: Environmental Evaluation

The Montana Environmental Policy Act (MEPA) seeks to avoid or mitigate adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a state agency.

In order to avoid problems that would cause delays, add significantly to project costs, or even prevent a project from being carried out, all applicants are encouraged to consider the potential environmental impacts of their projects. Preparation of this document can alert applicants to considerations in the location, design, or construction of projects that will help to avoid potential adverse environmental impacts or expensive mitigation or construction costs.

All applicants must submit the environmental checklist. DNRC will review the preparer's comments and prepare its own environmental evaluation to determine whether further information is required.

Instructions for Completing the Environmental Checklist

Five possibilities are listed on the form:

1. **N** - No Impact Anticipated or Not Applicable to This Project
2. **B** - Potentially Beneficial Effect
3. **A** - Potentially Adverse Impact
4. **P** - Agency Approval or Permits Required
5. **M** - Mitigation Actions Required

A space is provided next to each of the subject areas. Fill in each of the blanks using one of the letters in the key at the top of each page. In some cases, it may be appropriate to indicate more than one possibility. If impacts on a subject area are anticipated or mitigation action is required, the applicant must describe the situation in the "comments" section of this form.

Applicants must identify the sources consulted to assess the potential impact of the project for each subject area. Sources may include studies, plans, documents, or the persons, organizations, or agencies contacted for assistance.

Where a potentially adverse impact is projected, the applicant must provide the following:

1. a description and analysis of any reasonable alternatives that would avoid the impact and a justification for the selected alternative;

2. an evaluation of appropriate short and long-term measures to mitigate the potentially adverse impact and a discussion of the effects of those mitigative measures on the proposed project.

In most cases, applicants may simply provide a brief response to each category in the Environmental Checklist. For assistance in preparing the Environmental Checklist, contact DNRC at 444-6668.

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Environmental Checklist for the Renewable Resource Grant and Loan Program

Applicant Name _____

Project Title _____

Physical Environment	
Key __	1. **Soil Suitability, Topographic and/or Geologic Constraints** (for example, soil slump, steep slopes, subsidence, seismic activity) *Comment and Source of Information:*
Key __	2. **Hazardous Facilities** (for example, power lines, hazardous waste sites, explosive and flammable hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities) *Comment and Source of Information:*
Key __	3. **Effects on Surrounding Air Quality Resulting from the Project** (for example, dust, odors, emissions) *Comment and Source of Information:*
Key __	4. **Groundwater Resources and Aquifers** (for example, quantity, quality, distribution, depth to groundwater, sole source aquifers) *Comment and Source of Information:*
Key __	5. **Surface Water/Water Quality, Quantity, and Distribution** (for example, streams, lakes, storm runoff, irrigation systems, canals) *Comment and Source of Information:*
Key __	6. **Floodplains and Floodplain Management** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key ___	7. **Wetlands Protection** *Comment and Source of Information:*
Key ___	8. **Agricultural Lands, Production, and Farmland Protection** (for example, grazing, forestry, cropland, prime or unique agricultural lands) *Comment and Source of Information:*
Key ___	9. **Vegetation and Wildlife Species and Habitats, including Fish** (for example, terrestrial, avian, and aquatic life and habitats) *Comment and Source of Information:*
Key ___	10. **Unique, Endangered, Fragile, or Limited Environmental Resources, including Endangered Species** (for example, plants, fish, or wildlife) *Comment and Source of Information:*
Key ___	11. **Unique Natural Features** (for example, geologic features) *Comment and Source of Information:*
Key ___	12. **Access to, and Quality of, Recreational and Wilderness Activities, Public Lands and Waterways, and Public Open Space** *Comment and Source of Information:*
	HUMAN ENVIRONMENT
Key ___	1. **Visual Quality - Coherence, Diversity, Compatibility of Use and Scale, Aesthetics** *Comment and Source of Information:*
Key ___	2. **Nuisances** (for example, glare, fumes) *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key —	3. **Noise -- Suitable Separation between Housing and Other Noise-Sensitive Activities and Major Noise Sources** (for example, aircraft, highways and railroads) *Comment and Source of Information:*
Key —	4. **Historical Properties and Archaeological Resources** *Comment and Source of Information:*
Key —	5. **Changes in Population Characteristics** (for example, quantity, distribution, density) *Comment and Source of Information:*
Key —	6. **General Housing Conditions - Quality, Quantity, Affordability** *Comment and Source of Information:*
Key —	7. **Displacement or Relocation of Businesses or Residents** *Comment and Source of Information:*
Key —	8. **Public Health and Safety** *Comment and Source of Information:*
Key —	9. **Local Employment and Income Patterns - Quantity, Distribution, Economic Impacts** *Comment and Source of Information:*
Key —	10. **Local and State Tax Base and Revenues** *Comment and Source of Information:*
Key —	11. **Educational Facilities - Schools, Colleges, Universities** *Comment and Source of Information:*
Key —	12. **Commercial and Industrial Facilities - Production and Activity, Growth or Decline** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key —	**13. Health Care - Medical Services** *Comment and Source of Information:*
Key —	**14. Social Services - Governmental Services** (for example, demand on) *Comment and Source of Information:*
Key —	**15. Social Structures and Mores** (standards of social conduct, social conventions) *Comment and Source of Information:*
Key —	**16. Land Use Compatibility** (for example, growth, land use change, development) *Comment and Source of Information:*
Key —	**17. Energy Resources - Consumption and Conservation** *Comment and Source of Information:*
Key —	**18. Solid Waste Management** *Comment and Source of Information:*
Key —	**19. Wastewater Treatment - Sewage System** *Comment and Source of Information:*
Key —	**20. Storm Water - Surface Drainage** *Comment and Source of Information:*
Key —	**21. Community Water Supply** *Comment and Source of Information:*
Key —	**22. Public Safety - Police** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial; **A** - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key —	**23. Fire Protection - Hazards** *Comment and Source of Information:*
Key —	**24. Parks, Playgrounds, and Open Space** *Comment and Source of Information:*
Key —	**25. Cultural Facilities, Cultural Uniqueness and Diversity** *Comment and Source of Information:*
Key —	**26. Transportation Networks and Traffic Flow Conflicts** (for example, rail, auto [including local traffic], avoidance of incompatible land use in airport runway clear zones) *Comment and Source of Information:*
Key —	**27. Consistency with Local Ordinances, Resolutions, or Plans** (for example, conformance with local comprehensive plans, zoning, or capital improvement plans) *Comment and Source of Information:*

Budget Tips

The budget you prepare for a Renewable Resource Grant and Loan Program Application should include all of the costs specifically related to the implementation of the project you propose. For multi-phased projects, include only the costs specifically related to the phase of the project the proposed grant will fund. These are the costs you will incur only if the project is accomplished.

Budget Preparation

Project Costs vs. Program Costs

To determine whether a cost is project-specific or a general program cost, the project sponsor must determine how the costs will be accounted. For example, let's assume an agreement will exist between the applicant and another contributor to obtain special technical assistance, and that agreement will obligate the contributor to provide staff or other support to the project. If the costs of these services are budgeted in the project proposal and will be accounted for along with other project related costs, then these costs may be considered a project-specific cost. These costs must be documented as they are incurred. The project sponsor must show the contributor's fulfillment of the financial obligation.

Project costs are the only costs that DNRC will reimburse with grant and/or loan funds.

Program Costs are those costs contained in your annual budget or in the annual budget of another project contributor. These expenditures support other projects and an overall program or mission. Program costs cannot be broken out separately and applied to a single project. If, for example, the contributor provides services for the applicant or other clients that are carried out irrespective of the project proposal, then salaries associated with these tasks are program costs, not project-specific costs. Do not include these program costs in the budget.

Office rent is often an example of a program cost. For example, if a project sponsor currently rents office space and will allocate a portion of the office space to the proposed project, then the allocated portion of rent expense is a contribution of existing program costs. The cost is incurred whether or not the project is implemented. Regular staff salaries could be another example of a program cost. Salaries of existing, fully funded staff positions are not considered in-kind contributions unless these costs are accounted for separately. You must also demonstrate that the hours committed to the project exceed the hours funded under the overall program budget. A university professor fully funded for the school year may not charge his or her salary for participating in a research project if the university's program covers his or her time regardless of participation in the project. These salary costs are program costs and are incurred whether or not the proposed project is implemented.

You may not use grant funds to supplant regular program costs such as rent, utilities, or salaries. In particular, a state agency or unit of the university system must not use grant funds for costs already legislatively authorized in an appropriation. For more information on this subject, contact DNRC.

You may identify program costs in the application financial narrative. Program costs used to support the project are considered evidence of public support for the project. Provide documentation (such as a letter describing the available support) to support such claims.

Sources of Project Funding

Project-specific costs are paid with grant/loan dollars, matching dollars, or project-specific, non-dollar in-kind contributions. These funding sources are defined below.

Grant/loan dollars are those contributed by DNRC through the Renewable Resource Grant and Loan Program or by another funding agency through a grant or loan.

Matching dollars include project-specific funds from the applicant or another contributor. These funds are accounted for separately in the budget for the project. You must maintain careful documentation of the expenditure of these funds. You may not include any contributions as project matching dollars that are not documented by the contributor.

The contribution of program services is not considered a source of matching dollars. For example, the contribution of office space may not be used as a matching dollar contribution. Program costs are not considered project matching dollars.

In-kind contributions include those project-specific, non-dollar contributions that have a quantifiable value. Volunteer labor, equipment loan, donated materials, and free services are examples of legitimate in-kind contributions. Two conditions must be met for in-kind contributions to substitute for matching dollars:

1. The services provided must be integral to project implementation.

2. If these services become unavailable at a later date, dollar costs will be incurred to replace them.

Include in-kind contributions in the project budget. Determine their values using wage rate schedules, typical cost estimates, or another objective method. For example, you may include volunteer tree-planting labor as an in-kind contribution because the value of the labor may be readily determined by contacting local providers. Do not include the value of such employee benefits as insurance, sick leave, and vacation.

Do not include contributions that are typically provided to public projects free of charge. For example, the value of public service announcements on radio or television stations or newspaper press releases are not legitimate advertising costs.

Cost Documentation

A budget detailing project-specific costs may not include undocumented costs. Grant funds will not be reimbursed to cover undocumented costs, nor will such costs be credited as match dollar or in-kind contributions. If the amount of match you secure for your project is less than the amount pledged in your proposal, DNRC will proportionately reduce the amount of your grant.

Cost Categories

This sheet lists some of the expenses incurred for grant and loan projects. You may want to use it as a guide for developing the budget for your proposal.

Contracted Services

Appraisal Fees
Consultant and Professional Services
Insurance and Bonds (notary bond and fee)
Legal Fees and Court Costs
Photographic Services
Microfilm Services
Work Study Contracts
Secretarial Services
Data Entry and Word Processing Services
Photocopy Services
Printing/Publication and Graphics Services
Graphic Arts Services

Communications

Postage and Mailing
FAX
Messenger Services
Advertising Radio, T.V., and Newspaper
Data Circuits Add/Move/Change
Long Distance Charges
Credit Card Calls
Local Calls
Photocopies

Travel

Personal Car Mileage
Commercial Transportation
Aircraft Rental
Other (parking)
Meals
Lodging
Car Rental

Rent

Office Equipment
Other Equipment
Small Equipment
Storage
Heavy Equipment
Films
Meeting Rooms
Photocopy Equipment
Building
Single User Computers

Utilities

Electricity
Natural Gas
Water and Sewage
Garbage/Trash Removal
Propane

Grant Application Ranking Criteria

DNRC and a technical review team evaluate the merit of each application according to the following five categories.

1. Financial Feasibility (-100 points)

Financial feasibility is determined by DNRC's technical review team, a group of experienced individuals who evaluate the merits of similar proposals based on standard principles of finance. The reviewers determine whether the funds necessary to complete the project are available. They must also determine whether the costs identified in the project budget are justified. Reviewers will evaluate the security of the other funding sources that are necessary to complete the proposal; whether documentation of these funds is provided; whether the security required to support a loan requested in conjunction with the grant exists and is sufficient; and whether matching funds are in-kind contributions or another form of soft match

If this review uncovers any deficiencies in a proposal's financial feasibility, points are deducted. An acceptable application loses no points, a marginal application loses 50 points, and a doubtful application loses the maximum of 100 points.

2. Adverse Environmental Impact (-100 points)

An environmental checklist is completed with the assistance and guidance of DNRC's environmental impact team. Each checklist item identifies adverse impacts in matters such as air quality, water quality, vegetation/wildlife, land use, and visual/aesthetics. If any adverse effects would result from a project, an environmental assessment and, possibly, an environmental impact statement must be prepared to fulfill requirements of the Montana Environmental Policy Act. The cost of these documents serves as a factor in reconsidering the initial cost and benefit assessment.

Adverse environmental impacts are estimated and could result in a proposal's loss of a maximum of 100 points.

3. Project Management and Implementation (-100 points)

Each application is evaluated on the basis of the following criteria. Deficiencies in the project management plan will result in the loss of points.

- Has the applicant identified the staff required necessary for successful project management?
- Is there adequate funding in the project budget to effectively manage the project?
- Could any hurdles in project management or coordination with public or private entities prevent successful project implementation?
- Has the applicant identified a strategy for integrating public input into project development and implementation?
- Has the applicant identified a strategy for managing consultants or contractors responsible for the completion of major project tasks.

4. Technical Merit (400 points)

Standard principles of engineering, research, and program development are used to evaluate a proposal's technical merit. Coordinating agencies must indicate that a project meets the standards and complies with state law. Applicants also must either hold or show the ability to acquire all of the land and water right interests necessary to implement the proposal. Proposals that use commonly accepted technology and are not experimental efforts are more competitive than those that use a more experimental type of technology to solve a common problem. Proposal time lines must be reasonable and well documented. Up to 400 points are awarded to an application under the technical merit category.

5. Public Benefits (600 Points)

Public benefit criteria are based on Montana statutes. Up to 600 points may be awarded, depending on the degree to which these tests apply.

A. Resource Conservation, Management, or Protection (200 points)

Will the project:

- result in a quantifiably significant contribution to resource conservation ?
- invest in replacing the use of nonrenewable resources with the use of renewable resources to provide benefits, economic or otherwise, for the state's citizens and to preserve Montana's natural heritage?
- preserve resources such as land, air, water, wildlife, or energy?
- develop a renewable natural resource to provide future economic benefits to Montanans?
- help to implement an ongoing program in support of renewable resource conservation and management?

B. Renewable Resource Enhancement (250 points)

Does the project:

- develop natural-resource-based recreation? (50 points)
- develop off-stream or tributary water storage? (50 points)
- improve water use efficiency, including the installation of measuring devices? (50 points)
- advance farming practices that reduce agricultural chemical use? (50 points)
- support the development of state, tribal, or federal water projects? (50 points)

C. Citizen Benefits and Support (100 points)

Will the project:

- have multiple uses?
- be used by the public?
- serve an identifiable public interest?
- receive documented citizen support?
- provide new, permanent jobs?

Or, does the project provide benefits that:

- are measurable?

- will be ongoing?
- will affect a large number of people in Montana?

D. State Water Plan (50 points)

For example, does the project:
- implement a priority of the State Water Plan?
- support identified water storage priorities?

DNRC's ranking system is used to determine the merit of each proposal submitted for grant and loan funding. Grant and loan applications are recommended for funding in the order in which they are ranked. The actual funding decisions are made by the Montana Legislature.

Persons with disabilities who need an alternative, accessible format of this document should contact DNRC at the address shown below. Phone 406 444-2074 or fax 406 444-2684.

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